



**CITY OF LODI
COUNCIL COMMUNICATION**

AGENDA TITLE: Adopt Resolution Approving Fiscal Year 2008-09 Mid-year Budget Adjustments

MEETING DATE: February 18, 2009

PREPARED BY: Deputy City Manager

RECOMMENDED ACTION: Adopt Resolution of the Lodi City Council *approving* Fiscal Year 2008-09 Mid-Year Budget Adjustments.

BACKGROUND INFORMATION: The current Fiscal Year (FY) has been extraordinary with significant and rapid declines in revenue plus additional expenses in excess of budgeted amounts. To account for the rapid changes this year, the budget has been adopted twice. The FY 08-09 budget was first adopted in May 2008, then, based upon actual year-end numbers for FY 07-08, the Council adjusted and readopted the budget in November. Although the General Fund budget that was adopted in May was approximately \$2 million less budget to budget than the previous year, another \$1,855,000 in budget adjustments, consisting of increases and decreases, were made to balance the budget. Now, with regard to the mid-year, further adjustments are proposed.

The focus of mid-year adjustments is on the General Fund. Absent any adjustments, the current year General Fund shortfall is projected to be \$1,440,077. A number of adjustments, which are detailed below, will help mitigate this shortfall by the end of this fiscal year, but will not completely close the gap. A draw upon undesignated reserves in the amount of \$361,755 is expected. It is anticipated that this draw will be recovered in Fiscal Year 2009-10.

The budget changes made by the Council in November did not address reductions in wage and benefits or staffing levels, other than maintaining some positions vacant and anticipating "normal" vacancies. However, the changes made earlier in the year eliminated the cushion to make future adjustments without reduction to personnel costs.

General Fund

Revenues:

No budgetary adjustments for revenue are proposed at this time.

The three primary General Fund revenue sources are property taxes, sales taxes, and Vehicle License Fees. It is projected that property taxes will come in slightly ahead (\$100,000) of budgeted levels. Sales tax revenue is anticipated to be short of re-adopted budgeted levels by about \$517,000. The third major revenue source, Vehicle License Fees, is expected to be about \$140,000 short of budgeted levels. Other revenues are offsetting these shortfalls so that total estimated revenue is expected to be about \$180,000 lower than the current year budgeted level.

APPROVED: 
Blair King, City Manager

Expenditures:

Initial projection of General Fund expenditures is \$43,489,060, a level that exceeded expected revenue by \$1,440,070. Staff reviewed these initial estimates and developed a number of operational corrections to mitigate the shortfall by \$541,970. They include allocating costs for certain administrative staff from the General Fund to Enterprise Funds (\$247,800), allocating costs for online credit card processing to Enterprise Funds (\$30,000), deferring the hiring of an additional mid-management position (\$46,000), reversing portions of transfers to other funds related to savings from furloughs and waiver of deferred comp match (\$47,070), reversing erroneous transfers to the Recreation Fund (\$110,500), and reducing the transfer to the Library Fund due to vacant Library positions (\$60,600).

It is recommended to increase the General Fund transfer to the Community Development Fund to cover the current year deficit (\$60,000). This item will be discussed further under the Community Development Fund section of this report. Net operational mitigations represent a cost reduction of \$481,970.

The City has approached all of the represented employee organizations to reduce expenses.

As of the writing of this memorandum, tentative agreements have been reached with all labor groups, except AFSCME and IBEW. Discussions are ongoing and it is expected that satisfactory agreements will be reached. However, in the absence of agreements, the Council will be requested to authorize reductions in staffing via forced lay-offs. **Timing is critical, solutions are dependent upon initial reductions spread over no less than 16 weeks commencing on March 9th.**

A related memorandum details modifications proposed for various bargaining units.

The following chart shows the contributions from employee organizations to help the City reduce the FY 2008-09 General Fund shortfall:

Representation Unit	Waive Deferred Comp Match	Eliminate Overtime	Eliminate Uniform Allowance in April 2009	Defer COLA until July 2009	Roll Back Salary by 2.5%	4 Day Furlough	Totals
Management	\$8,044					\$ 14,643	\$ 22,687
Mid-Management	19,500					31,707	51,207
Confidential	1,995					3,741	5,736
General Serviced Maintenance & Operations	27,397					53,065	80,462
Police/ Police Mid-Management/ Dispatch	56,525	80,000	48,000	13,685			198,210
Fire/ Fire Mid Management		200,000			31,750	6,300	238,050
Totals	\$113,461	\$280,000	\$ 48,000	\$13,685	\$31,750	\$109,456	\$596,352

In total, employee contributions and operational mitigations, excluding IBEW, have reduced expected General Fund expenses by \$1,078,325, leaving a remaining shortfall of \$361,755.

We have advised employee organizations of the need to again assist the City with any expected shortfall in FY 2009-10. In many cases, this will consist of extending reductions offered for the remainder of FY 08-09.

In addition, the reduction of the work force via early retirements in-lieu of forced lay-off is also being presented. Please note the related Council memorandum. It is expected that nominal savings will be generated in FY 2008-09, but that significant savings would be generated in FY 2009-10.

Fund Balance:

Without any adjustments, year-ended General Fund balance is projected to be \$2,718,930. Expense reductions totaling \$1,078,325 have been identified that will increase the projected ending fund balance to \$3,797,255. This level is \$702,745 short of maintaining the short-term objective of protecting the current undesignated General Fund reserve level of \$4.5 million (close to the reserve level of June 30, 2008). (Note: the overall goal is to provide for a General Fund undesignated reserve of no less than 15 percent of the General Fund; however, due to economic conditions, progress toward this goal is being suspended for the short-term.) It is recommended that the current year fund balance shortfall be funded out of reserves and that the FY 2009-10 budget be structured in such a manner as to restore the short-term objective of \$4,500,000.

Electric Utility

Net Bulk Power expenses are expected to exceed appropriations by \$173,000. Revenues are coming in higher than budgeted and will be used to cover the higher expenses. Included in this action are adjustments to budgeted expenses.

Community Development Fund

The Community Development Fund ended the last fiscal year with a deficit fund balance of \$702,127. The slowdown in building activity has continued and will result in an unadjusted revenue shortfall of about \$300,000 compared to budget. The Community Development staff performs a general information function that is properly a General Fund expenditure. Staff is recommending that Community Development revenues be augmented by \$60,000 from the General Fund to offset the expenditures for the general information function. With this augmentation, the fund is expected to fully cover its costs. Expenditures are being managed so that total expenditures will fit within the revised revenue stream.

Public Safety Special Revenue Fund

Revenues associated with COPS grants are not budgeted until receipt of the grant award notification. Today's action will increase revenues by \$171,366 and appropriations by \$26,000 to reflect 2008-09 COPS grant awards.

Library Fund

The General Fund supports funding of positions in the Library Fund through operating transfers. The Library Fund has had two positions vacant this year. As such, the transfer from the General Fund is being reduced to reflect a reduced level of expenditures related to staffing. The impact is to reduce revenues and appropriations in the Library Fund by \$60,600.

Water, Wastewater and Electric Administration Funds

The Water, Wastewater, and Electric Administration funds appropriations are all being increased to reflect the additional costs that have been allocated from the General Fund. The funds are being increased \$124,900, \$121,900, and \$31,000 for Water, Wastewater, and Electric funds, respectively.

Information Systems Replacement Operating Fund

The Information Systems Replacement Operating fund appropriation is being increased by \$65,000 to reflect current year purchases. The fund has sufficient revenues, but no appropriations were previously provided for this fund.

FISCAL IMPACT: The worsening state of the economy, coupled with increased City costs, has created a situation wherein current year revenues are not sufficient to cover current year projected expenditures without significant adjustments to the expenditure levels. Staff and employee organizations have identified a number of cost savings measures that will close the gap between revenue and expenditures. Staff is recommending adjustments that will produce a balanced budget.


Jordan Ayers
Deputy City Manager

JA/ja
Attachment:
Resolution

FY 2008/09 Mid-year Budget Adjustments

Exhibit A

Fund Transfer Changes	City Council Approved	Mid-Year Adjustments	City Council Adjusted
General Fund Transfers Out	4,880,793	600 (-)	4,880,193
Library Transfers In	1,537,994	60,600 (-)	1,477,394
Community Development Transfers In	185,148	60,000 (+)	245,148

GENERAL FUND OPERATING INCREASES	City Council Approved	Mid-Year Adjustments	City Council Re-Adopted
Police Support Services	4,745,174	325,145 (+)	5,070,319
Fire Emergency Operations	7,133,685	36,610 (+)	7,170,295

NON GENERAL FUND OPERATING DECREASES	City Council Approved	Mid-Year Adjustments	City Council Re-Adopted
Library	1,599,008	60,600 (-)	1,538,408

NON GENERAL FUND OPERATING INCREASES	City Council Approved	Mid-Year Adjustments	City Council Re-Adopted
Water Administration	292,632	124,900 (+)	417,532
Wastewater Administration	595,294	121,900 (+)	717,194
Electric Utility Administration	1,010,240	31,000 (+)	1,041,240
I.S. Replacement Operating	-	65,000 (+)	65,000
Electric Utility Bulk Power	46,697,976	173,000 (+)	46,870,976
Police Special Revenue Fund	174,000	26,000 (+)	200,000
REVENUE INCREASES			
Police Special Revenue Fund	36,211	171,366 (+)	207,577

RESOLUTION NO. 2009-21

A RESOLUTION OF THE LODI CITY COUNCIL REVISING
THE ADOPTED 2008-09 OPERATING AND CAPITAL
IMPROVEMENT BUDGET FOR THE FISCAL YEAR
BEGINNING JULY 1, 2008 AND ENDING JUNE 30, 2009

WHEREAS, the City Manager submitted the 2008-09 balanced Operating and Capital Improvement Budget to the City Council on May 21, 2008; and

WHEREAS, the 2008-09 Operating and Capital Improvement Budget was prepared in accordance with the City Council's goals, budget assumptions, and policies; and

WHEREAS, the City Council approved the 2008-09 Operating and Capital Improvement Budget as passed and adopted in Resolution 2008-99 at a regular meeting of the City Council of the City of Lodi on May 21, 2008; and

WHEREAS, the City Manager submitted revisions to the 2008-09 Operating and Capital Improvement Budget to the City Council on November 19, 2008; and

WHEREAS, the City Council approved the 2008-09 Operating and Capital Improvement Budget as passed and re-adopted in Resolution 2008-231 at a regular meeting of the City Council of the City of Lodi on November 19, 2008; and

WHEREAS, revisions in the 2008-09 Operating and Capital Improvement Budget as re-adopted by the City of Lodi City Council on November 19, 2008, are necessary as a result of changes in revenue estimates and projected changes in operating expenditures.

NOW, THEREFORE, BE IT RESOLVED that the Lodi City Council does hereby approve the revisions to the 2008-09 Operating and Capital Improvement Budget, as shown on Exhibit A attached.

Dated: February 18, 2009

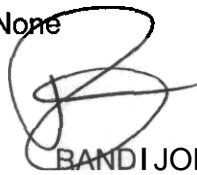
I hereby certify that Resolution No. 2009-21 was passed and adopted by the City Council of the City of Lodi in a regular meeting held February 18, 2009, by the following vote:

AYES: COUNCIL MEMBERS – Johnson, Katzakian, and Mayor Hansen

NOES: COUNCIL MEMBERS – Mounce

ABSENT: COUNCIL MEMBERS – Hitchcock

ABSTAIN: COUNCIL MEMBERS – None


BANDI JOHL
City Clerk

FY 2008/09 Mid-year Budget Adjustments

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REVENUE INCREASES			
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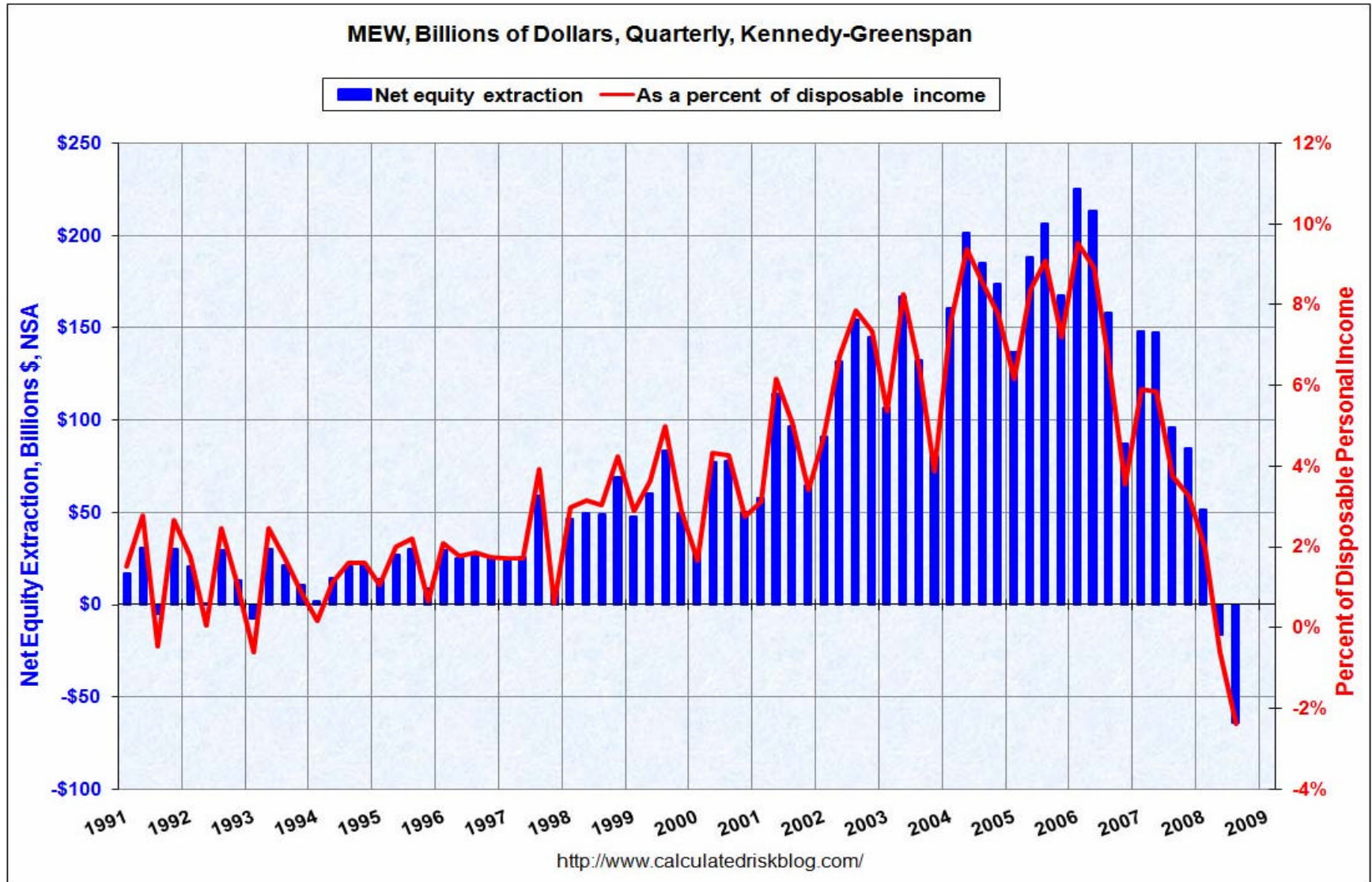
FY 2008/09 Midyear Budget



City Council
February 18, 2009

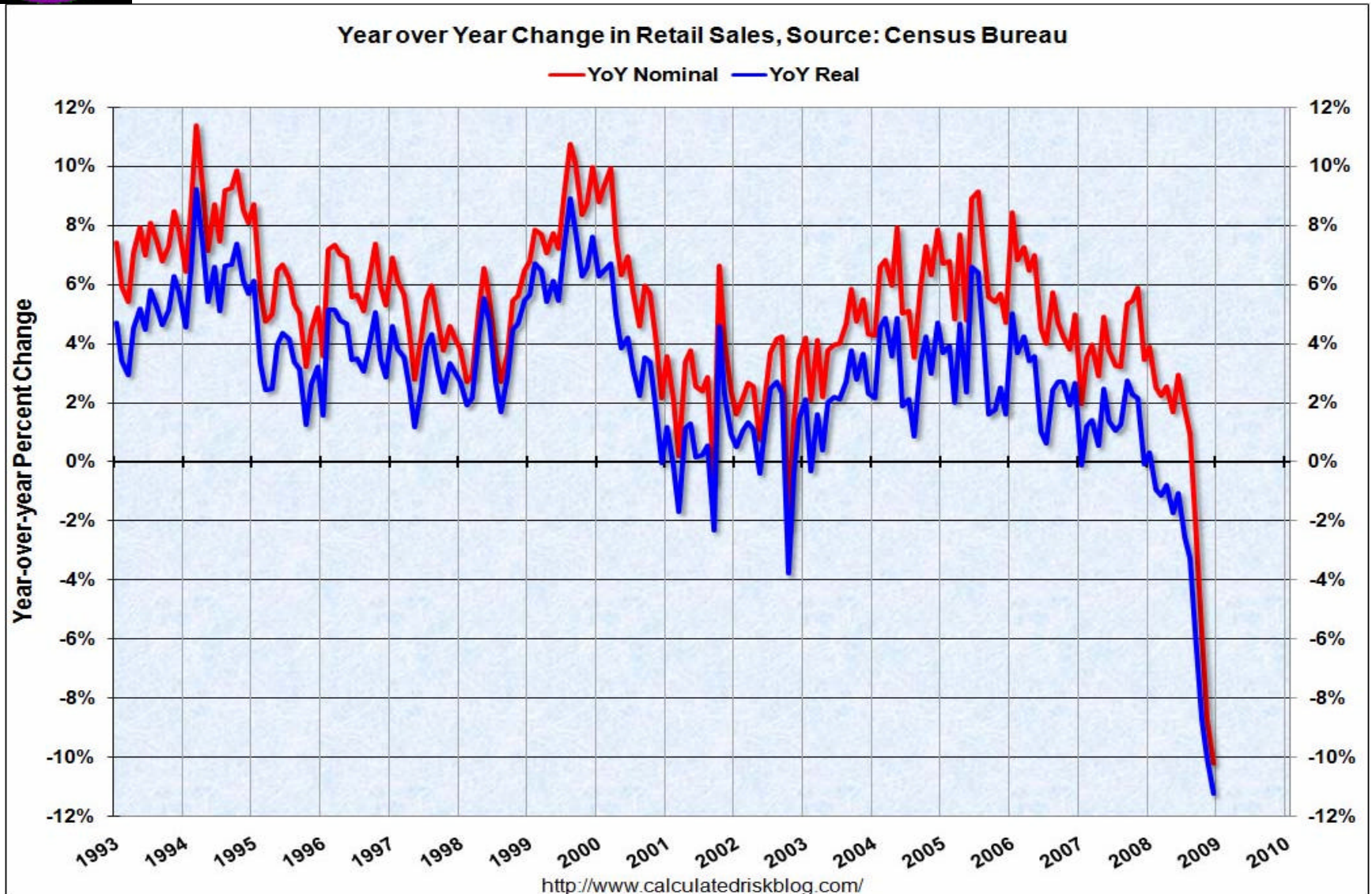


2008/09 Midyear Budget





2008/09 Midyear Budget





2008/09 Midyear Budget

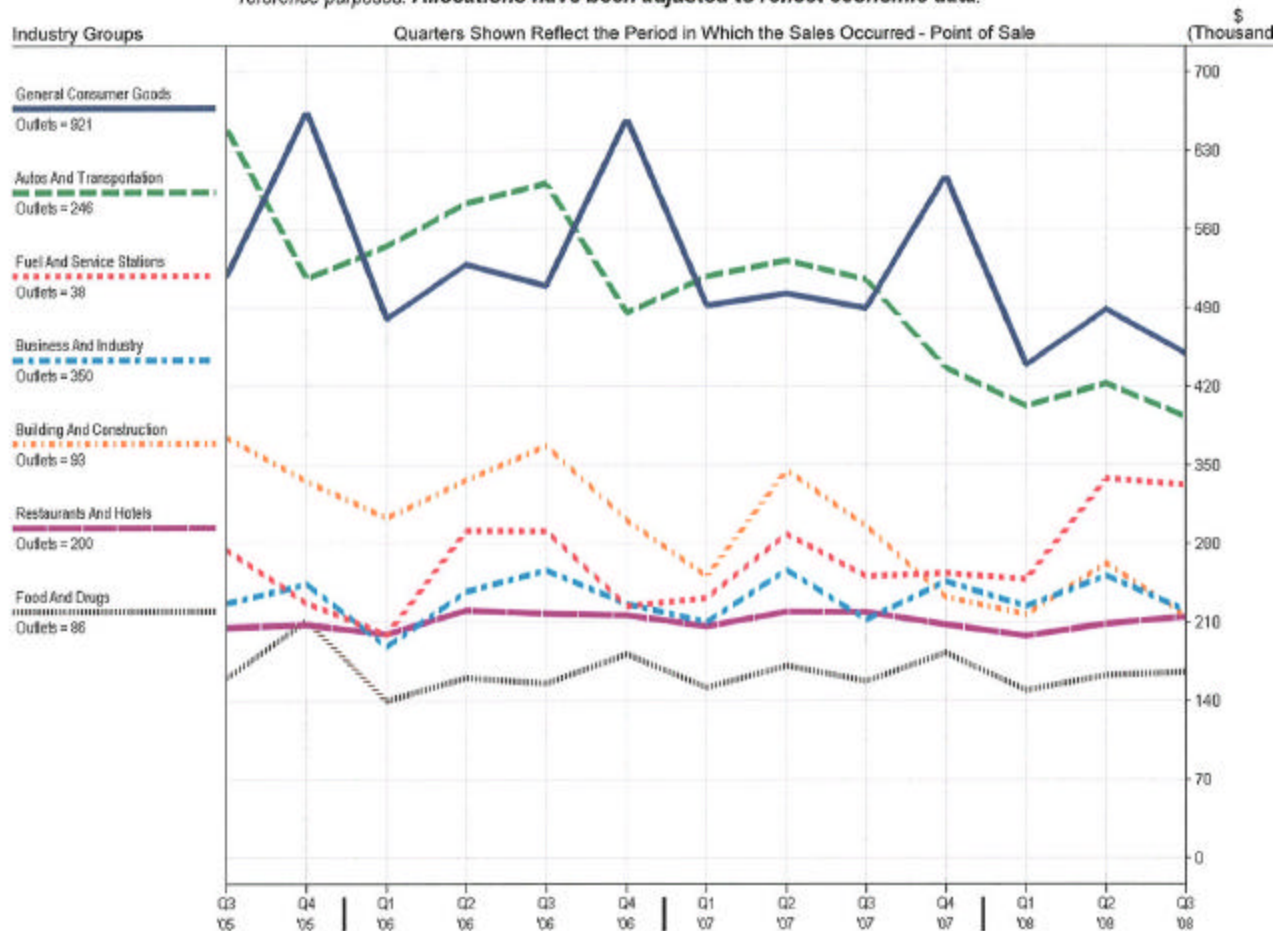


CITY OF LODI

MAJOR INDUSTRY GROUPS - 13 QUARTER HISTORY

Adjusted by moving retroactive payments with an absolute value of \$5,000 or more into the quarter the sale was generated

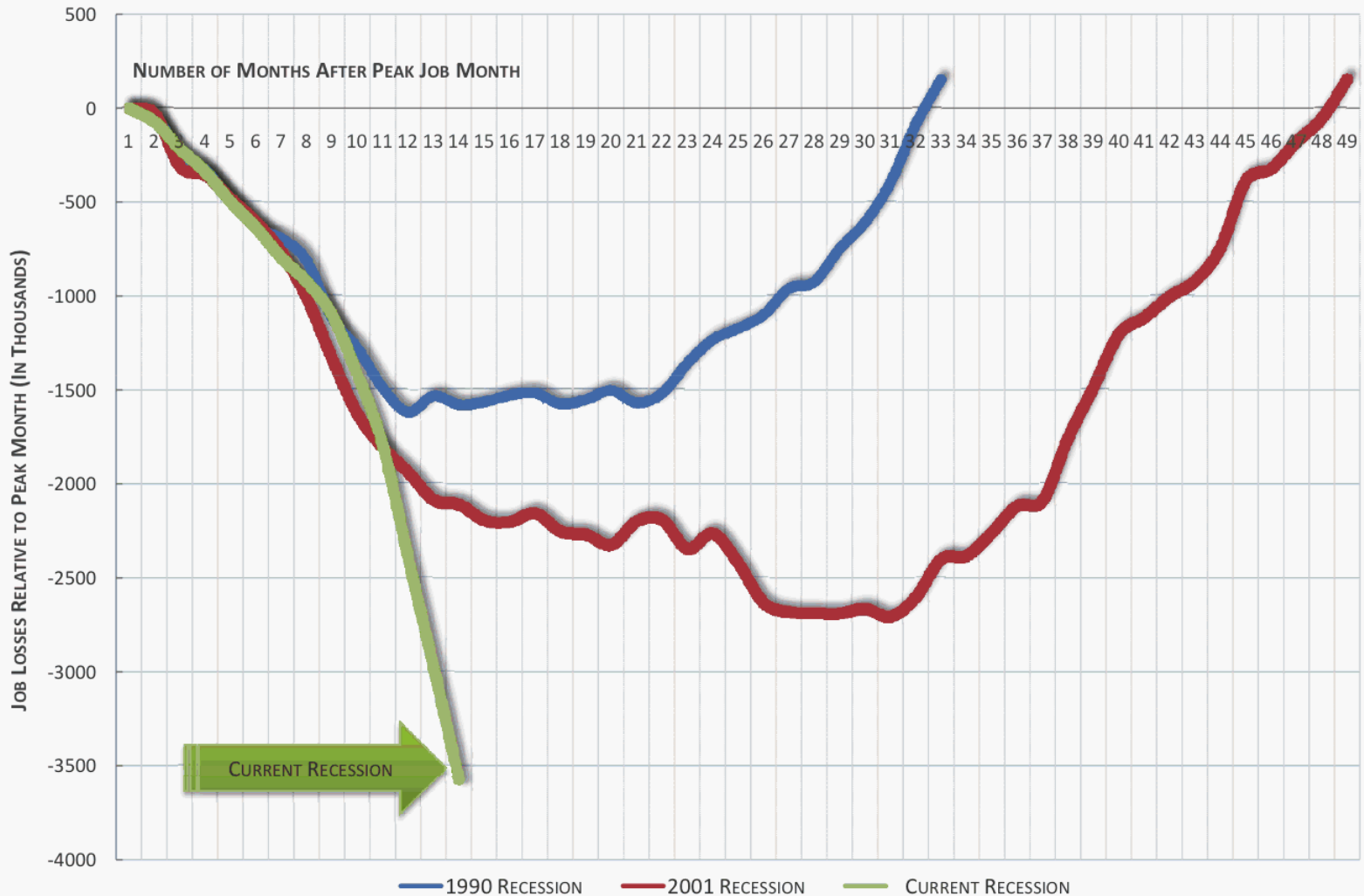
Chart Description: This chart compares sales tax for the Major Industry Groups. The prior 12 quarters are shown graphically for historical reference purposes. **Allocations have been adjusted to reflect economic data.**





2008/09 Midyear Budget

JOB LOSSES IN RECENT RECESSIONS





2008/09 Midyear Budget

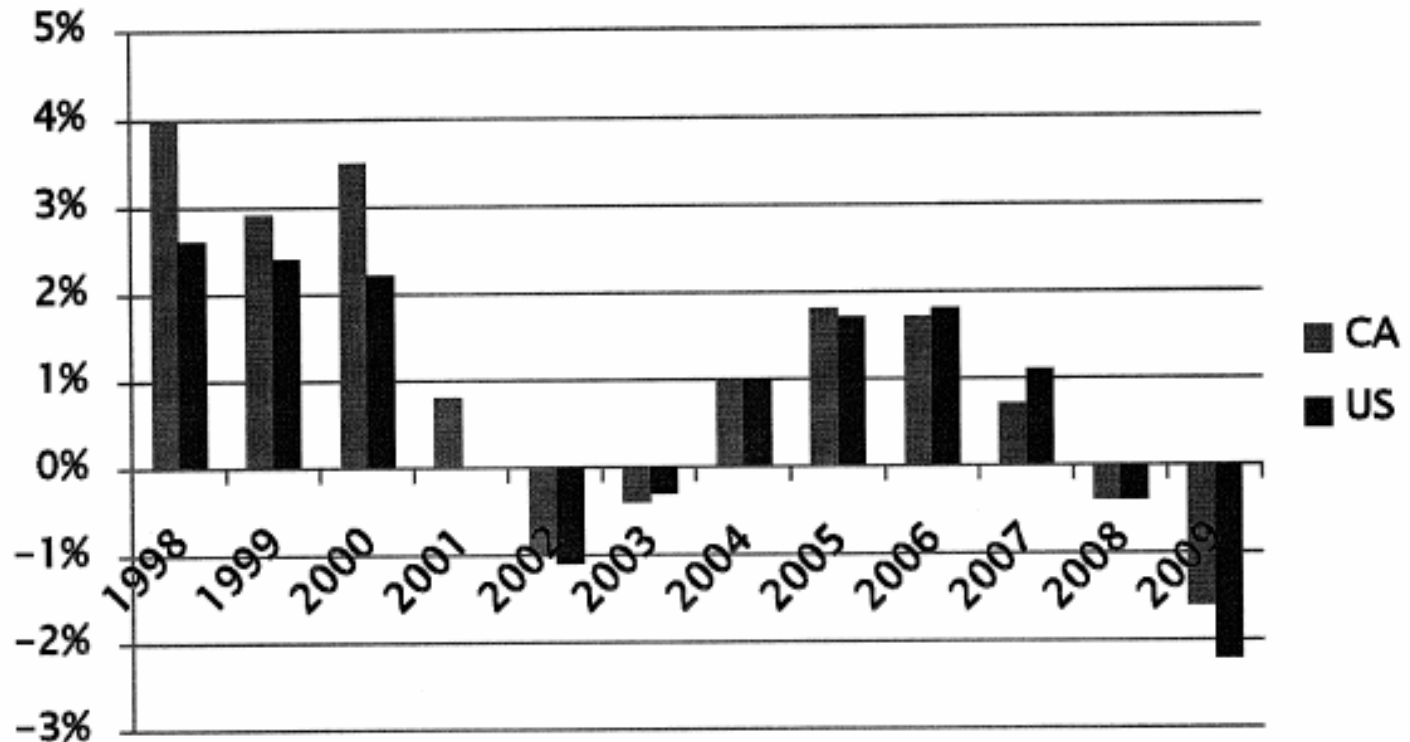
San Joaquin County unemployment rates month of December, 1990-2008





2008/09 Midyear Budget

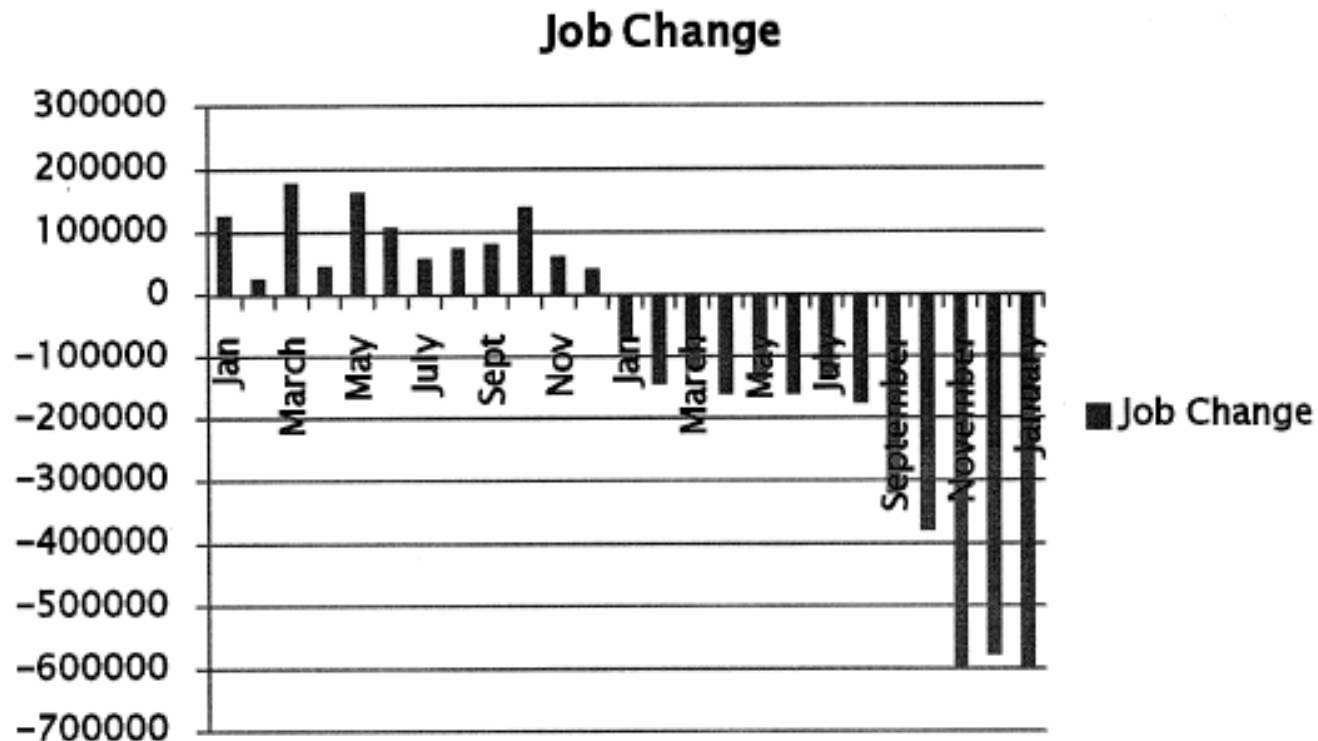
California Long Run Job Growth





2008/09 Midyear Budget

Monthly Change Payroll Employment 2007 to January 2009





2008/09 Midyear Budget

32 of 32 recessions have ended



2008/09 Midyear Budget

**General Fund absent adjustments:
\$1,440,077 shortfall**



2008/09 Midyear Budget

Projected \$356,000
Police Department variance

Projected \$442,555
Fire Department variance



2008/09 Midyear Budget

Employee Contributions:

\$596,350

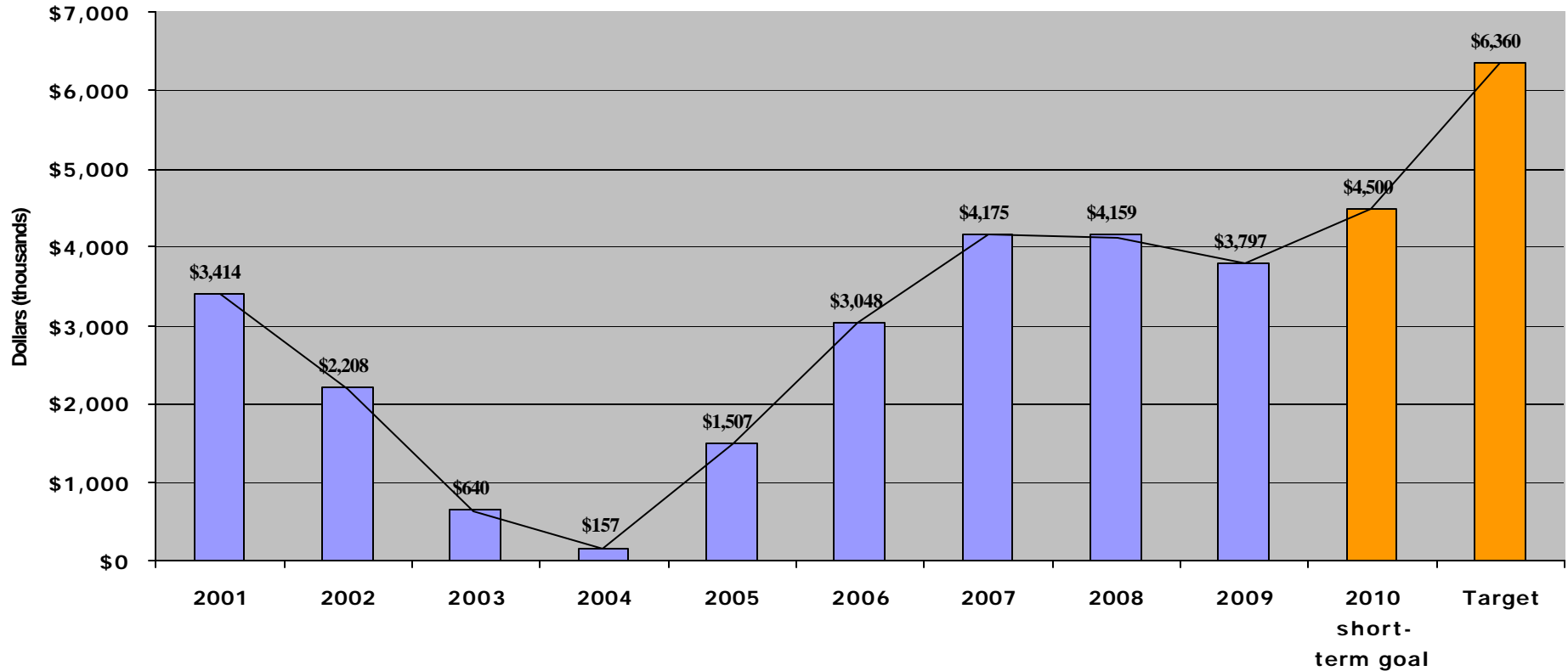
Management Adjustments:

\$481,970



2008/09 Midyear Budget Financial Goals and Targets

General Fund Balance (unreserved)



Statement of Changes in Fund Balance

For the Fiscal Year Ended June 30, 2009

With Actuals for Fiscal Year 2007-08 and Comparative Budget Fiscal Year 2008-09

	Actuals	Budget	Estimated Actuals	Variance \$	Variance %
General Fund					
<u>Fund Balance (Net Assets)</u>					
Beginning Fund Balance (Net Assets) Unreserved	5,175,522	4,534,293	4,159,007	(375,286)	
Revenues	44,487,632	42,229,193	42,048,985	(180,208)	-0.4%
Expenditures	<u>45,504,147</u>	<u>42,302,405</u>	<u>42,410,740</u>	<u>(108,335)</u>	-0.3%
Net Difference (Revenues Less Expenditures)	(1,016,515)	(73,212)	(361,755)	(288,543)	
<u>Fund Balance (Net Assets)</u>					
Ending Fund Balance (Net Assets) Unreserved	<u>4,159,007</u>	<u>4,461,081</u>	<u>3,797,252</u>	<u>(663,829)</u>	

Statement of Changes in Fund Balance

For the Fiscal Year Ended June 30, 2009

With Actuals for Fiscal Year 2007-08 and Comparative Budget Fiscal Year 2008-09

Community Development Fund

Fund Balance (Net Assets)

	Audited 2007-08 Actuals	2008-09 Budget	2008-09 Estimated Actuals	Budget to Est Actuals Variance \$	Budget to Est Actuals Variance %
Beginning Fund Balance (Net Assets) Unreserved	(167,024)	(454,604)	(702,127)	(247,523)	
Revenues	1,479,536	1,615,148	1,382,236	(232,912)	-16.9%
Expenditures	<u>2,014,639</u>	<u>1,628,438</u>	<u>1,379,450</u>	<u>248,988</u>	18.0%
Net Difference (Revenues Less Expenditures)	(535,103)	(13,290)	2,786	16,076	

Fund Balance (Net Assets)

Ending Fund Balance (Net Assets) Unreserved	<u>(702,127)</u>	<u>(467,894)</u>	<u>(699,341)</u>	<u>(231,447)</u>	
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2008/09 Midyear Budget

Cooperation from bargaining groups

Police Officers Association

- Waive six months' uniform allowances
- Waive ability to cash out holiday leave in 2009 (retirees excepted)
- Waive deferred compensation match from March 1, 2009 through June 30, 2010
- Waive ability to cash out compensatory time off in April 2009 and increase short-term time-off bank to 480 hours



2008/09 Midyear Budget

Cooperation from bargaining groups (cont.)

Police Mid-Management

- Waive six months' uniform allowances
- Waive ability to cash out holiday leave in 2009 (retirees excepted)
- Waive deferred compensation match from March 1, 2009 through June 30, 2010
- Waive ability to cash out compensatory time off in April 2009 and increase short-term time-off bank to 480 hours



2008/09 Midyear Budget

Cooperation from bargaining groups (cont.)

Police Dispatchers

- Waive six months' uniform allowances
- Waive ability to cash out holiday leave in 2009 (retirees excepted)
- Waive deferred compensation match from March 1, 2009 through June 30, 2010
- Waive ability to cash out compensatory time off in April 2009 and increase short-term time-off bank to 480 hours
- Defer 3% pay increase from April 2009 to July 2009



2008/09 Midyear Budget

Cooperation from bargaining groups (cont.)

Lodi Professional Firefighters

- 2.5% salary reduction from March 1, 2009 through June 30, 2010
- Short-term increase in compensatory time-off bank from 144 to 480 hours
- Extend MOU one year through December 31, 2010
- Change minimum staffing level from 15 to 12 through June 30, 2010, with all stations remaining open



2008/09 Midyear Budget

Cooperation from bargaining groups (cont.)

Fire Mid-Management

- 3% salary savings through furlough
- Short-term increase in compensatory time-off bank from 144 to 480 hours
- Extend Statement of Benefits one year through December 31, 2010



2008/09 Midyear Budget

Cooperation from bargaining groups (cont.)

IBEW

- Two-hour furlough per month for March through June 2009
- Four-hour furlough per month for calendar year 2010
- Reduce the floor for annual COLA's from 3.5% to 2% for the remainder of the contract
- Extend the contract two years through 2013 with lower COLA floor



2008/09 Midyear Budget

Cooperation from bargaining groups (cont.)

General Services/Maintenance & Operators

- Waiver of deferred compensation match from March 1, 2009 through June 30, 2009
- Accept one unpaid furlough day per month from March 1, 2009 through June 30, 2009



2008/09 Midyear Budget

Cooperation from bargaining groups (cont.)

City Mid-Management Association

- Waive deferred compensation match from March 1, 2009 through July 1, 2010
- Accept one unpaid furlough day per month from March 1, 2009 through June 30, 2009



2008/09 Midyear Budget

Cooperation from bargaining groups (cont.)

Management/Confidential

- Waiver of deferred compensation match from March 1, 2009 through June 30, 2010
- One unpaid furlough day per month from March 1, 2009 through June 30, 2010



2008/09 Midyear Budget

Cooperation from bargaining groups (cont.)

City Manager/Clerk/Attorney

- Waiver of deferred compensation match from March 1, 2009 through June 30, 2010
- One unpaid furlough day per month from March 1, 2009 through June 30, 2010



2008/09 Midyear Budget

Service Credit Program

- PERS retirement incentive of two years service credit to certain employees
- Incumbent or other position must be kept open for unspecified time
- All employees except sworn Police eligible at age 50 with five years of service credit
- Program intent: Overall workforce reduction



2008/09 Midyear Budget

Service Credit Program

- Eight to 10 individuals to accept two years service credit as an incentive to retire
- City must publish total cost of service credit for all employees in that classification/departments regardless of number that will be offered inducement
- Some positions would not be filled, some at a lower classification, and the remaining not filled at this time
- Anticipated annual savings of those accepting the incentive: Nearly \$1 million in salary/benefits
- Total savings will grow as positions remain vacant
- Anticipated annual cost for 20 years: \$3,367 per employee



2008/09 Midyear Budget

Budget and Finance Committee Recommendations

- Support City Manager's proposed recommendations (7-0 vote)
- Immediately work with the EUD Director to establish an appropriate level of reserves relative to expenses (7-0)
- To the extent not yet paid, eliminate funding for the Downtown Lodi Business Partnership and the San Joaquin Partnership (4-3)
- To the extent not yet paid, reduce arts grants from \$50,000 to \$25,000 (6-1)



2008/09 Midyear Budget

Summary of Actions Requested

- Adopt Resolution approving the midyear adjustments
- Adopt Resolution approving modifications to employee memorandums of understanding
- Authorize the City Manager to post cost to grant two years service credit to specified classifications



CITY OF LODI COUNCIL COMMUNICATION

AGENDA TITLE: Adopt Resolution Approving: 1) Modifications to Memorandums of Understanding for Police Officers Association of Lodi, Lodi Police Dispatcher's Association, and Lodi Police Mid Management Organization; 2) Modifications to Memorandum of Understanding for Lodi Professional Firefighters; 3) Modifications to Fire Mid Management Statement of Benefits; 4) Modifications to Memorandum of Understanding for Lodi City Mid Management Association; and 5) Modifications to Unrepresented Confidential Benefits and to Executive Management Contracts and Statement of Benefits; and Further approve Modifications to Memorandums of Understanding for AFSCME Council 57 Local 146-AFL-CIO General Services and Maintenance & Operations and IBEW should an Agreement be reached prior to Council meeting.

MEETING DATE: February 18, 2009

PREPARED BY: City Attorney

RECOMMENDED ACTION: Adopt Resolution Approving: 1) Modifications to Memorandums of Understanding for Police Officers Association of Lodi, Lodi Police Dispatcher's Association, and Lodi Police Mid Management Organization; 2) Modifications to Memorandum of Understanding for Lodi Professional Firefighters; 3) Modifications to Fire Mid Management Statement of Benefits; 4) Modifications to Memorandum of Understanding for Lodi City Mid Management Association; and 5) Modifications to Unrepresented Confidential Benefits and to Executive Management Contracts and Statement of Benefits; and Further approve Modifications to Memorandums of Understanding for AFSCME Council 57 Local 146-AFL-CIO General Services and Maintenance & Operations and IBEW should an Agreement be reached prior to Council meeting.

BACKGROUND INFORMATION: Staff has negotiated tentative modifications to all employee's salary and benefits. Because each bargaining unit is unique the techniques used to achieve salary and benefit savings are unique to each group. Modifications include various combinations of furloughs, salary reductions, minimum staffing reductions, overtime restrictions, limits on cash out of benefits, and elimination of deferred compensation matching programs. As of the date of this Council Communication Staff has reached the following tentative agreements:

- 1) Police Officers Association of Lodi
Lodi Police Dispatchers Association
Lodi Police Mid-Manaagement Organization
 - a) Waiver of 6 months of uniform allowances.
 - b) Waiver of ability to cash out holiday leave from January 1, 2009 through December 31, 2009 (impending retirees excepted).
 - c) Waiver of deferred compensation from March 1, 2009 through June 30, 2010

APPROVED: _____

Blair King, City Manager

- d) Waiver of compensatory time off cash out in April of 2009 and a consequent short term increase in compensatory time off bank of 480 hours.
- e) Dispatch also agrees to defer their 3% increase from April 2009 to July 2009.

2) Lodi Professional Firefighters

- a) 2.5 percent salary reduction from March 1, 2009 through June 30, 2010.
- b) Short-term increase in compensatory time off bank from 144 to 480 hours.
- c) City agrees to explore, without obligation, financial feasibility of swapping pay raise for employee's share of PERS contribution and agrees it endeavors to pay at median.
- d) Extend MOU I-year to December 31, 2010.
- e) Reduction of minimum staffing from 15 to 12 with all stations remaining open from March 1, 2009 – June 30, 2010.

3) Lodi Fire Mid-Management

- a) Furlough hours which achieve 3% salary savings.
- b) Short-term increase in compensatory time off bank from 144 to 480 hours.
- c) City agrees to explore, without obligation, financial feasibility of swapping pay raise for employee's share of PERS contribution.
- d) Extend Statement of Benefits I-year to December 31, 2010.

4) Lodi City Mid-Management Association

- a) Waiver of deferred compensation from March 1, 2009 through July 1, 2010.
- b) Acceptance of 1 unpaid furlough day per month from March 1, 2009 through June 30, 2009.

5) Unrepresented Confidential Employees
Executive Management

- a) Waiver of deferred compensation from March 1, 2009 through July 1, 2010
- b) Acceptance of 1 unpaid furlough day per month from March 1, 2009 through June 30, 2010.

In addition, the three council appointees are offering the following savings through modifications to their contracts:

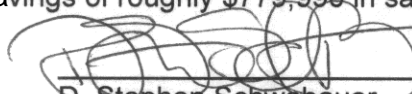
- a) Waiver of deferred compensation from March 1, 2009 through June 30, 2010.
- b) Acceptance of 1 unpaid furlough day per month from March 1, 2009 through June 30, 2010.

As of this writing, negotiations with IBEW and AFSCME continue. Any agreed modifications to those contracts will be added via blue sheet to this Council Communication.

It should be noted, that the focus of these modifications are the last four months of Fiscal Year 2008-09. The key union groups understand that additional discussions will occur prior to adoption of the Fiscal Year 2009-2010 budget.

FUNDING: N/A.

FISCAL IMPACT: Including elimination of overtime, savings of roughly \$779,990 in salary and benefits.


D. Stephen Schwabauer
City Attorney



CITY OF LODI COUNCIL COMMUNICATION

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MEETING DATE: February 18, 2009

PREPARED BY City Attorney

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- b) Waiver of ability to cash out holiday leave from January 1, 2009 through December 31, 2009 (impending retirees excepted).
- c) Waiver of deferred compensation from March 1, 2009 through June 30, 2010.
- d) Waiver of compensatory time off cash out in April of 2009 and a consequent short term increase in compensatory time off bank of 480 hours.
- e) Dispatch also agrees to defer their 3% increase from April 2009 to July 2009.

APPROVED: _____

Blair Kind, City Manager

2) Lodi Professional Firefighters

- a) 2.5 percent salary reduction from March 1, 2009 through June 30, 2010.
- b) Short-term increase in compensatory time off bank from 144 to 480 hours.
- c) City agrees to explore, without obligation, financial feasibility of swapping pay raise for employee's share of PERS contribution and agrees it endeavors to pay at median.
- d) Extend MOU 1-year to December 31, 2010.
- e) Reduction of minimum staffing from 15 to 12 with all stations remaining open from March 1, 2009 – June 30, 2010 (emergencies excepted).
- f) Add median salary goal statement.

3) Lodi Fire Mid-Management

- a) Furlough hours which achieve 3% salary savings.
- b) Short-term increase in compensatory time off bank from 144 to 480 hours.
- c) City agrees to explore, without obligation, financial feasibility of swapping pay raise for employee's share of PERS contribution.
- d) Extend Statement of Benefits 1-year to December 31, 2010.

4) Lodi City Mid-Management Association

- a) Waiver of deferred compensation from March 1, 2009 through July 1, 2010.
- b) Acceptance of 1 unpaid furlough day per month from March 1, 2009 through June 30, 2009.

5) Unrepresented Confidential Employees
Executive Management

- a) Waiver of deferred compensation from March 1, 2009 through July 1, 2010.
- b) Acceptance of 1 unpaid furlough day per month from March 1, 2009 through June 30, 2010.

6) IBFW

- a) 2-hour furlough a month from March 2009 through June 2009.
- b) 4-hour furlough a month from January 2010 through December 2010.
- c) Effective January 1, 2010 reduce the current CPI wage increase already agreed to by both parties to 2% - 5.5%.
- d) Extend the current contract (MOU) through December 31, 2013 (two year extension with reduced CPI range).
- e) Our negotiated wage increase would be as follows through years 2011, 2012, and 2013 would be 2% - 5.5%.

7) AFSCME General Services and Maintenance & Operators

- a) Waiver of deferred compensation from March 1, 2009 through June 30, 2009.
- b) Acceptance of 1 unpaid furlough day per month from March 1, 2009 through June 30, 2009.
- c) Agreement not to layoff members March 1, 2009 through June 30, 2009.

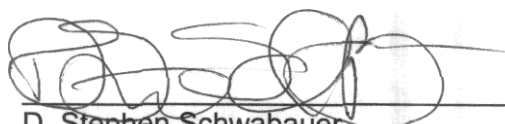
In addition, the three council appointees are offering the following savings through modifications to their contracts:

- a) Waiver of deferred compensation from March 1, 2009 through June 30, 2010.
- b) Acceptance of 1 unpaid furlough day per month from March 1, 2009 through June 30, 2010.

It should be noted, that the focus of these modifications are the last four months of Fiscal Year 2008-09. The key union groups understand that additional discussions will occur prior to adoption of the Fiscal Year 2009-2010 budget.

FUNDING: N/A.

FISCAL IMPACT: Including elimination of overtime, savings of roughly \$779,990 in salary and benefits.



D. Stephen Schwabauer
City Attorney

A RESOLUTION OF THE LODI CITY COUNCIL
APPROVING COST-SAVING MODIFICATIONS TO
EMPLOYEE MEMORANDUMS OF UNDERSTANDING

WHEREAS, due to the status of current fiscal affairs, cost-saving measures are required to be implemented; and

WHEREAS, staff has negotiated tentative modifications to all employee's salary and benefits, and because each bargaining unit is unique the techniques used to achieve salary and benefit savings are unique to each group; and

WHEREAS, modifications include various combinations of furloughs, salary reductions, minimum staffing reductions, overtime restrictions, limits on cash out of benefits, and elimination of deferred compensation matching programs; and

WHEREAS, with adjustments to salary and benefits as outlined below, the City will see a savings of approximately \$779,990 by implementing the following:

- 1) Police Officers Association of Lodi
Lodi Police Dispatchers Association
Lodi Police Mid-Management Organization
 - a) Waiver of 6 months of uniform allowances.
 - b) Waiver of ability to cash out holiday leave from January 1, 2009 through December 31, 2009 (impending retirees excepted).
 - c) Waiver of deferred compensation from March 1, 2009 through June 30, 2010.
 - d) Waiver of compensatory time off cash out in April of 2009 and a consequent short term increase in compensatory time off bank of 480 hours.
 - e) Dispatch also agrees to defer their 3% increase from April 2009 to July 2009.
- 2) Lodi Professional Firefighters
 - a) 2.5 percent salary reduction from March 1, 2009 through June 30, 2010.
 - b) Short-term increase in compensatory time off bank from 144 to 480 hours.
 - c) City agrees to explore, without obligation, financial feasibility of swapping pay raise for employee's share of PERS contribution and agrees it endeavors to pay at median.
 - d) Extend MOU 1-year to December 31, 2010.
 - e) Reduction of minimum staffing from 15 to 12 with all stations remaining open from March 1, 2009 - June 30, 2010 **(emergencies excepted).**
 - f) **Add median salary goal statement.**
- 3) Lodi Fire Mid-Management
 - a) Furlough hours which achieve 3% salary savings.
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5) Unrepresented Confidential Employees Executive Management

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- a) Waiver of deferred compensation from March 1, 2009 through June 30, 2010.
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WHEREAS, it should be noted, that the focus of these modifications are the last four months of Fiscal Year 2008-09. The key union groups understand that additional discussions will occur prior to adoption of the Fiscal Year 2009-10 budget.

NOW, THEREFORE, BE IT RESOLVED by the Lodi City Council that modifications to employee Memorandums of Understanding and Statement of Benefits as outlined above are hereby adopted.

Dated: February 18, 2009

=====

I hereby certify that Resolution No. 2009-_____ was passed and adopted by the City Council of the City of Lodi in a regular meeting held February **18**, 2009, by the following vote:

AYES: COUNCIL MEMBERS -

NOES: COUNCIL MEMBERS -

ABSENT: COUNCIL MEMBERS -

ABSTAIN: COUNCIL MEMBERS -

RANDI JOHL
City Clerk

2009-_____

A RESOLUTION OF THE LODI CITY COUNCIL
APPROVING COST-SAVING MODIFICATIONS TO
EMPLOYEE MEMORANDUMS OF UNDERSTANDING

WHEREAS, due to the status of current fiscal affairs, cost-saving measures are required to be implemented: and

WHEREAS, staff has negotiated tentative modifications to all employee's salary and benefits, and because each bargaining unit is unique the techniques used to achieve salary and benefit savings are unique to each group; and

WHEREAS, modifications include various combinations of furloughs, salary reductions, minimum staffing reductions, overtime restrictions, limits on cash out of benefits, and elimination of deferred compensation matching programs; and

WHEREAS, with adjustments to salary and benefits as outlined below, the City will see a savings of approximately \$779,990 by implementing the following:

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Lodi Police Dispatchers Association
Lodi Police Mid-Management Organization
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 - d) Extend Statement of Benefits I-year to December 31, 2010.

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Executive Management

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WHEREAS, it should be noted, that the focus of these modifications are the last four months of Fiscal Year 2008-09. The key union groups understand that additional discussions will occur prior to adoption of the Fiscal Year 2009-10 budget.

NOW, THEREFORE, BE IT RESOLVED by the Lodi City Council that modifications to employee Memorandums of Understanding and Statement of Benefits as outlined above are hereby adopted.

Dated: February 18, 2009

=====

I hereby certify that Resolution No. 2009-20 was passed and adopted by the City Council of the City of Lodi in a regular meeting held February 18, 2009, by the following vote:

AYES: COUNCIL MEMBERS – Johnson, Katzakian, and Mayor Hansen

NOES: COUNCIL MEMBERS – Mounce

ABSENT: COUNCIL MEMBERS – Hitchcock

ABSTAIN: COUNCIL MEMBERS – None



RANDI JOHL
City Clerk



Lodi Professional Firefighters • Local 1225

PO Box 1841 • Lodi, California 95241
209.339.4417 • FAX 209.339 4417 • lodifirefighters.com

COMMON FIREGROUND TASKS

INITIAL TASKS:

- 1) SECURE UTILITIES - 1
- 2) FORCIBLE ENTRY - 2
- 3) WATER SUPPLY - 1
- 4) LADDERING - 2
- 5) LIGHTING - 1

SUSTAINED TASKS:

- 1) FIRE ATTACK - 2
- 2) VENTILATION - 3
- 3) SEARCH/RESCUE - 2
- 4) RAPID INTERVENTION CREW (R.I.C.) - 2
- 5) BACK-UP HOSE LINE - 2
- 6) EXPOSURE HOSE LINE - 2
- 7) SALVAGE & OVERHAUL - 2
- 8) PUMPING - 1
- 9) SCENE SAFETY OFFICER - 1
- 10) INCIDENT COMMAND - 1

The above are common tasks that are associated with **all** fire scenes regardless of the *size* or complexity. Of course the larger or more complex **the** incident, the more people required to successfully mitigate the problem. For this purpose **we** will assume this is a response to a single family residential house **fire**. This is the **type** fire that is most common and associated with the highest number of civilian and firefighter injuries and **deaths**.

Initial tasks are tasks that are assigned and once completed do not require dedicated support of personnel.

Sustained tasks are tasks that require on going support of personnel. Some tasks require more personnel **than** others while some require fewer people but take a much longer amount of time to accomplish.

The numbers listed to the right of each task **are** the **minimum** number of personnel required to carry out that task Note: This is assuming the fire is contained to a single



room of contents, there is only one exterior exposure, and there is no medical aid required for citizens or firefighters.

As you can see adequate staffing levels are imperative for efficient and safe fire ground operations. With our minimum daily staffing set at 15 we are already stretched thin and taxed with the number of tasks that need to be completed in such a compressed time **frame**. By allowing our minimum daily staffing to decrease to 12, there are tasks that possibly will not be accomplished resulting in greater **fire** loss, and decreased civilian and firefighter safety.

The National Fire Protection Agency (NFPA) and the International City Manager's Association (ICMA) agree the goal is to have **17** personnel on scene of a structure fire within eight minutes of receiving the 911 call. At current staffing levels we are not able to achieve that recognized standard. By decreasing our daily staffing our efficiency would be reduced further therefore jeopardizing the safety of both the citizenry and firefighters alike.

Reducing our minimum daily staffing to 12 would necessitate "Browning out" engine **2031** on an as needed basis. The above is aimed primarily at structure fire responses and we would be remiss not to discuss the impact of one less **fire** engine as it relates to medical emergency calls. It is the goal and standard to be at any address in the city within **3-4** minutes of being dispatched. This is accomplished by having **fire** stations strategically located to meet that standard. By "Browning out" an engine company, it now leaves their "First in" district left to be divided amongst the other engine companies. This inherently increases response times into the "Browned out" district.

The American Heart Association (AHA) guidelines for Heart Saver CPR state a victim of cardiac arrest needs trained professional medical intervention within minutes of going into cardiac arrest. We provide such intervention with techniques that we are accredited to **perform** as Emergency Medical Technicians. CPR alone has a lower survivability rate than CPR with early defibrillation. The AHA also claims that the heart and brain begin to suffer irreversible damage after 6-8 minutes without oxygen.

The fire department is an instrumental link in the "Chain of survival" and by reducing staffing the result is a severe reduction in service which will have an adverse impact on public safety. Balancing the budget with reduced public safety is a gamble that never pays. The fire department of today is an "All threat" responder which is responsible for a magnitude of emergency responses and emergency planning. The personnel are essential for us to perform our duty to the community.



**CITY OF LODI
COUNCIL COMMUNICATION**
TM

AGENDATITLE: Authorize City Manager to Post Cost to Grant Two Years Service Credit to Specified Classifications Under Government Code Section 20903.

MEETING DATE: February 18,2009

SUBMITTED BY: Human Resources Manager

RECOMMENDED ACTION: Authorize the City Manager to post costs to grant two years service credit to specified classifications under Government Code Section 20903 and Certification of Compliance with Government Code Section 7507.

BACKGROUND INFORMATION: The budget shortfall in FY 2008/09 and the anticipated need to further reduce City spending in FY 2009/10 has necessitated the City explore additional options to reduce staffing. California Government Code Section 20903, through CalPERS, allows the City (as part of a budget-reduction process) to offer a retirement incentive of two years service credit to employees. The City's contract with CalPERS allows this option to be offered to Miscellaneous and Fire (sworn) employees, with the requirement that participating employees be at least 50 years old, have five years of service credit with PERS, and retire within a specified period of time as identified by the City.

The intended effect of offering this incentive is an overall reduction in the workforce.

Staff has identified eight to 10 positions where this option may be feasible as it would result in an overall reduction in force and significant cost savings. If offered, it is anticipated these individuals will accept this offer, resulting in an annual cost savings of roughly \$1 million per year.

To pay for this enhancement, the City's contribution to CalPERS will rise in FY 2011/12 by approximately \$35,606 annually for 20 years, or roughly \$700,000 in total. The first-year savings will more than offset the entire cost of the program.

The Government Code requires that the costs to provide this benefit, as shown Attachment A, be made public at a public meeting at least two weeks prior to the adoption of a Resolution. We are required to include all possible positions (26) in these classifications/departments. If all 26 positions were offered the benefit and accepted, the actual annual cost to the City would be \$87,546.58, or \$3,367 per employee per year. Over 20 years, the benefit's cost to the City for 26 employees would \$1,159,117, as shown in the attachment. As indicated above, however, management feels this enhancement will be accepted by eight to 10 individuals.

Some of these positions have experienced a workload reduction due to the economy. Their remaining duties will be reassigned among existing staff. Other positions can remain vacant and reassessed when the City's financial condition improves.

APPROVED:

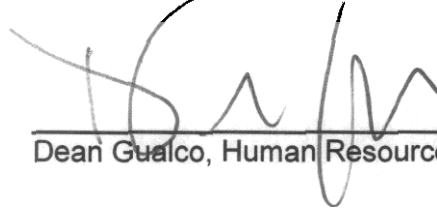

Blair King, City Manager

As stated earlier, the cost of the program must be made public for a minimum of ~~two~~ weeks. At the March 4, 2009 City Council meeting, staff will present the resolution adopting the two years service credit purchase for those employees who will be offered this retirement option.

FISCAL IMPACT: The cost of this benefit will be amortized over 20 years and included in the City's CalPERS employer contribution rate beginning in FY 2011-2012. Although the net savings depends on the number of employees who accept the benefit, the anticipated job vacancies are expected to save the City nearly \$1 million annually.

FUNDING AVAILABLE: Not applicable

Respectfully submitted,



Dean Gualco, Human Resources Manager

**TWO YEARS ADDITIONAL SERVICE CREDIT
Section 20903**

ATTACHMENT A

Estimated Employer Cost

Classification	Name	Annual Pay Rate	Cost Factor	PRSA* Yes or No	No PRSA	COLA 3%, 4%, 5%	Additional Employer Contributions
Sr. Civil Engineer	Sharon Welch	\$ 95,660.37	0.57	Yes		No	\$ 54,526.41
Sr. Civil Engineer	Wes Fujitani	\$ 95,660.37	0.47	Yes		No	\$ 44,960.37
Public Works Inspector	Wil McVicker	\$ 63,105.90	0.57	Yes		No	\$ 35,970.36
Associate Civil Engineer	Mark Lindseth	\$ 84,792.13	0.56	Yes		No	\$ 47,483.59
Fleet and Facilities Manager	Dennis Callahan	\$ 85,019.45	0.56	Yes		No	\$ 47,610.89
Streets & Drainage Manager	George Bradley	\$ 89,278.78	0.56	Yes		No	\$ 49,996.12
Sr. Programmer/Analyst	Roy Todd	\$ 78,117.23	0.57	Yes		No	\$ 44,526.82
Sr. Programmer/Analyst	Laurie McCall	\$ 78,117.23	0.47	Yes		No	\$ 36,715.10
Park Maintenance Worker II	Jorge Estrella	\$ 44,207.26	0.53	Yes		No	\$ 23,429.85
Park Maintenance Worker II	Antonio Gonzalez	\$ 44,207.26	0.57	Yes		No	\$ 25,198.14
Park Maintenance Worker III	Dan Tarnasky	\$ 48,629.39	0.47	Yes		No	\$ 22,855.81
Park Maintenance Worker III	John Falos	\$ 48,629.39	0.47	Yes		No	\$ 22,855.81
Program Coordinator	Diane Amaral	\$ 41,664.94	0.57	Yes		No	\$ 23,749.02
Dispatcher/Jailer	Cathy Donnelly	\$ 56,646.01	0.47	Yes		No	\$ 26,623.62
Dispatcher/Jailer	Bonnie Garcia	\$ 56,646.01	0.57	Yes		No	\$ 32,288.23
Dispatcher/Jailer	Jane Randolph	\$ 56,646.01	0.47	Yes		No	\$ 26,623.62
Dispatcher/Jailer	Daphne Gaines	\$ 56,646.01	0.47	Yes		No	\$ 26,623.62
Senior Planner	David Morimoto	\$ 84,278.31	0.56	Yes		No	\$ 47,195.85
Building Inspector II	Alan Lucero	\$ 57,238.94	0.57	Yes		No	\$ 32,626.20
Building Inspector II	Scott Howsden	\$ 63,105.94	0.47	Yes		No	\$ 29,659.79
Fire Chief	Mike Pretz	\$ 129,417.59	0.82	No	0.95	No	\$ 100,816.30
Fire Captain	Mike Lair	\$ 89,013.68	0.87	No	0.95	No	\$ 73,569.81
Fire Captain	James Miller	\$ 89,013.68	0.82	No	0.95	No	\$ 69,341.66
Fire Captain	Rick Gerlack	\$ 89,013.68	0.87	No	0.95	No	\$ 73,569.81
Fire Captain	Brian Jungeblut	\$ 89,013.70	0.87	No	0.95	No	\$ 73,569.82
Fire Inspector	Jerri Christiano	\$ 80,738.12	0.87	No	0.95	No	\$ 66,730.06

Salary Savings: \$ 1,894,507.38

Cost: \$ 1,159,116.69

Estimated Increase in Employer Contribution: 0.003822204
(Based on \$22,904,740 annual payroll for Misc. & Fire)

Actual Annual Cost: \$ 80,305.38

CALIFORNIA PUBLIC EMPLOYEES RETIREMENT SYSTEM

Actuarial and Employer Services Branch

Public Agency Contract Services

P.O. Box 942709

Sacramento, **CA** 94229-2709

(888) CalPERS (225-7377)

**CERTIFICATION OF COMPLIANCE WITH
GOVERNMENT CODE SECTION 7507**

I hereby certify that *in* accordance with **Section** 7507 of the Government Code
the future annual costs as determined by the System Actuary **for** the increase
in retirement benefit(s) have been made public **at** a public meeting of the

_____ of the
City Council
(governing body)

_____ of Lodi
(public agency)

on February 18, 2009 which is at least two weeks prior to the adoption of the
(date)

Resolution/ Ordinance.

Clerk/Secretary

Title

Date _____

**TWO YEARS ADDITIONAL SERVICE CREDIT
Section 20903**

K-2c

ATTACHMENT A

Estimated Employer Cost

Classification	Name	Annual Pay Rate	Cost Factor	PRSA* Yes or No	No PRSA	COLA 3%, 4%, 5%	Additional Employer Contributions
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Fire Inspector	Jerri Christiano	\$ 80,738.12	0.87	No	0.95	No	\$ 66,730.06

Salary Savings: \$ 1,983,521.06

Estimated Increase in Employer Contribution:
(Based on **\$22,904,740** annual payroll for Misc. & Fire)

0.004064801

Actual Annual Cost: \$

93,103.21

CALIFORNIA PUBLIC EMPLOYEES' RETIREMENT SYSTEM

Actuarial and Employer Services Branch

Public Agency Contract Services

P.O. Box 942709

Sacramento, **CA** 94229-2709

(888) CalPERS (225-7377)

**CERTIFICATION OF COMPLIANCE WITH
GOVERNMENT CODE SECTION 7507**

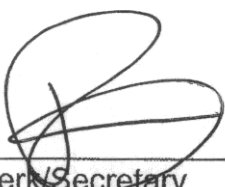
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(public agency)

on February 18, 2009 which is at least two weeks prior to the adoption of the
(date)

Resolution/ Ordinance.


Clerk/Secretary

Randi Juhl. City Clerk
Title

Date February 19, 2009